

RETAIL UNIVERSE

# Annual Report

2022

Retail Universe

## Fiscal Year 2022 Highlights

**Total Revenue:** \$316.89M

**Store Locations:** 6

**Transactions:** 127,868

**Year-over-Year Growth:** +5.1%

# Letter from the CEO

Dear Shareholders,

The financial results for Retail Universe in 2022 reflect a solid year of growth and resilience, with total revenue reaching \$316.89 million, marking a year-over-year increase of 5.1% from the previous year. This growth is particularly noteworthy given the ongoing challenges in the retail landscape, underscoring our ability to adapt and thrive. The increase in total transactions to 127,868 and the average transaction value of \$2,478.26 indicate that our customers are not only engaging with our brand but are also willing to invest in our offerings. This performance is a testament to the strength of our product mix and the loyalty of our customer base.

A closer examination of our channel breakdown reveals significant insights into our business strengths. The store channel generated \$149.19 million, accounting for 47.1% of total revenue, highlighting the continued importance of our physical locations in driving sales. The catalog channel also performed robustly, contributing \$129.57 million, while the web channel, though smaller at 12.0%, represents an area for potential growth. The strong performance of our stores, particularly Store 3 in Homestead, SC, which emerged as our top performer with \$27.75 million in revenue and 87,564 transactions, illustrates the effectiveness of our in-store experience and customer engagement strategies.

Operationally, 2022 was marked by notable achievements across various categories and channels. The electronics category stood out as our best performer, generating \$15.81 million, which reflects our strategic focus on high-demand products that resonate with consumers. The performance of our stores, especially in the fourth quarter, where we achieved our highest revenue of \$137.46 million, indicates a successful holiday season and effective promotional strategies that captured customer interest during peak shopping periods.

The quarterly performance data further elucidates the dynamics of our business throughout the year. The significant revenue spike in Q4, compared to the earlier quarters, can be attributed to seasonal shopping trends and our targeted marketing efforts.

Sincerely,

Jane Smith  
Chief Executive Officer

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# Executive Summary

In 2022, Retail Universe achieved a total revenue of \$316.89 million, reflecting a year-over-year growth of 5.1%. This growth indicates a stable operational performance, particularly given the challenging retail environment. The company operates six stores, which suggests a focused operational scale that may enhance efficiency and customer engagement. The average transaction value of \$2,478.26, alongside a total of 127,868 transactions, underscores a healthy business model that effectively captures customer spending. These metrics collectively reveal a robust business health, characterized by a solid revenue base and a consistent ability to attract and retain customers.

Analyzing the quarterly performance, it is evident that Q4 was the strongest quarter, generating \$137.46 million in revenue. This peak can be attributed to seasonal factors, including holiday shopping, which typically drives increased consumer spending. In contrast, Q2 was the weakest quarter, with revenue of \$44.92 million, suggesting potential challenges in customer engagement during that period. Q1 and Q3 showed more favorable results, with revenues of \$46.74 million and \$87.77 million, respectively. The significant increase in Q3 revenue indicates a recovery or heightened consumer interest leading into the holiday season. The channel mix, as reflected in the quarterly data, suggests that customer behavior is influenced by seasonal trends, with a notable uptick in transactions as the year progresses.

Geographically, Retail Universe's presence is concentrated in three states: South Carolina, Connecticut, and North Dakota, each with one store, representing 16.7% of the total store count. This distribution indicates a strategic focus on select markets, which may allow for deeper community engagement and brand loyalty. The operational achievement of maintaining a consistent revenue stream across these states

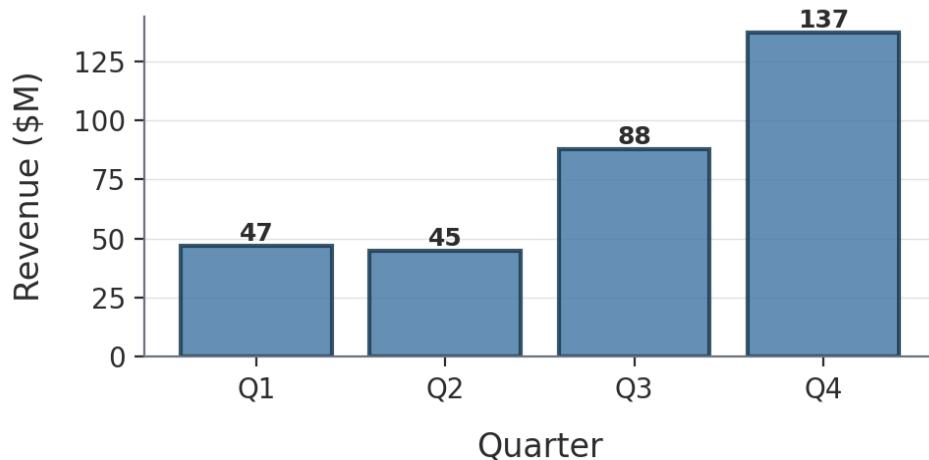
## Key Performance Indicators

Metric	Value
Total Revenue	\$316.89M
Total Stores	6
Total Transactions	127,868

Metric	Value
Average Transaction	\$2,478.26
YoY Growth	+5.1%

## Quarterly Revenue Trend

**Quarterly Revenue - FY2022**

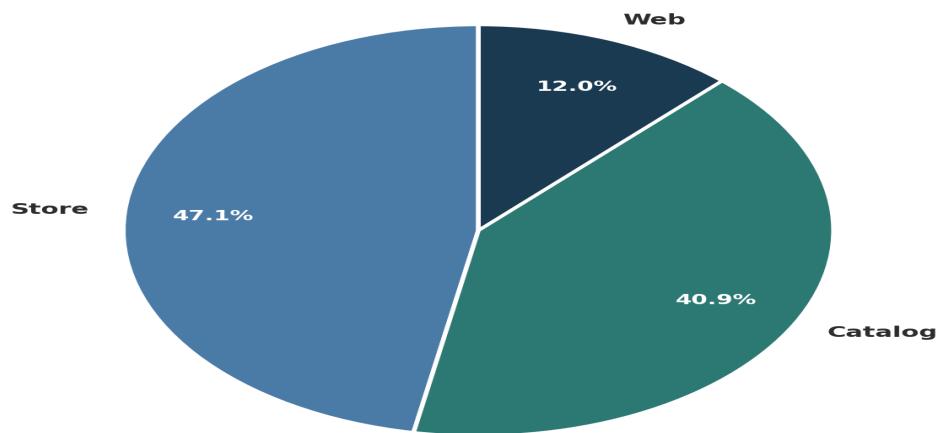


# Financial Overview

## Revenue by Sales Channel

Channel	Revenue	% of Total
Store	\$149.19M	47.1%
Catalog	\$129.57M	40.9%
Web	\$38.13M	12.0%

**Revenue Distribution by Channel**



## Year-over-Year Comparison

Metric	FY2022	FY2021	Change
Total Revenue	\$316.89M	\$301.43M	+5.1%

# Store Performance Analysis

In 2022, Store 3 in Homestead, SC emerged as the top performer, generating a revenue of \$27.75 million from 87,564 transactions, resulting in an average transaction value of \$316.95. This performance significantly outpaced Store 5 in Cleveland, CT, which, despite a high average transaction value of \$1,779.67, achieved a total revenue of \$25.42 million from only 14,281 transactions. The stark contrast in transaction volume highlights a key performance differentiator, with Store 3 benefiting from a broader customer base and higher foot traffic. Additionally, Store 4 in Adrian, ND, while generating a respectable revenue of \$23.88 million, had a much lower transaction count of 5,568, leading to an average transaction value of \$4,289.25, which is indicative of a more niche market.

When comparing the performance metrics of the top stores, it is evident that transaction volume plays a crucial role in overall revenue generation. Store 6 in Sharon, TX, and Store 1 in Dixon, NY, also exhibited high average transaction values of \$4,626.76 and \$4,276.51, respectively, but their revenues of \$23.73 million and \$23.68 million were lower than that of Store 3. This suggests that while high-value transactions can contribute to revenue, the ability to attract a larger number of customers, as demonstrated by Store 3, is a more effective strategy for maximizing sales.

The geographic distribution of the stores reveals a diverse presence across six states, with each store operating in a unique market environment. Notably, Store 3 in SC stands out as the only store in its state, indicating a

## Top Performing Stores

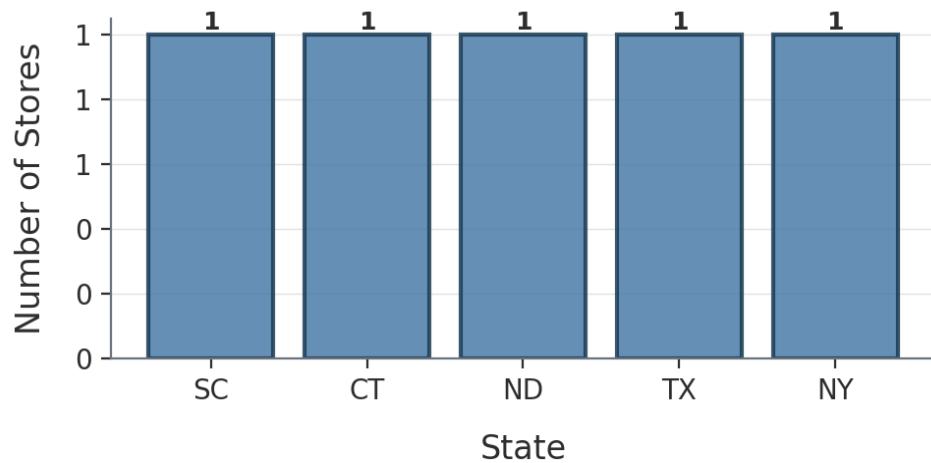
Rank	Store	City	State	Revenue	Transactions
1	Store 3	Homestead	SC	\$27,753.76K	87,564
2	Store 5	Cleveland	CT	\$25,415.42K	14,281
3	Store 4	Adrian	ND	\$23,882.54K	5,568
4	Store 6	Sharon	TX	\$23,730.63K	5,129

Rank	Store	City	State	Revenue	Transactions
5	Store 1	Dixon	NY	\$23,683.31K	5,538

## Geographic Distribution

State	Store Count	% of Total
SC	1	16.7%
CT	1	16.7%
ND	1	16.7%
TX	1	16.7%
NY	1	16.7%
OH	1	16.7%

## Top 5 States by Store Count



# Product Category Analysis

In 2022, the top-performing categories for Retail Universe were Electronics, Home, and Women, each generating significant revenue contributions. Electronics led the pack with a revenue of \$15.81 million, closely followed by Home at \$15.77 million, and Women at \$15.57 million. The performance of these categories indicates a relatively tight revenue range, with only \$0.24 million separating the top three categories. This suggests a concentration in customer spending across these segments, highlighting a competitive landscape where slight variations in product offerings or marketing strategies could influence consumer choices.

When comparing the performance metrics, it is notable that while Electronics, Home, and Women all achieved revenues exceeding \$15 million, the next two categories, Shoes and Sports, fell slightly behind, generating \$14.88 million and \$14.80 million, respectively. The difference in revenue between Women and Shoes is \$0.69 million, indicating that while Shoes performed well, it did not quite reach the same level of consumer engagement as the Women category. The close revenue figures across the top five categories suggest a diversified portfolio, yet the top three categories dominate the revenue share, each accounting for 5.0% or more of the total revenue.

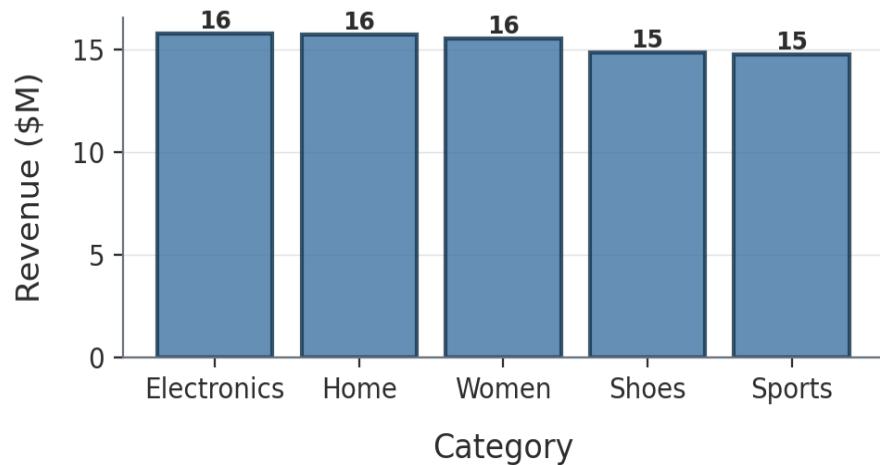
The category mix reveals a strong preference among customers for products that enhance their lifestyle and personal expression, as seen in the prominence of Home and Women categories alongside Electronics. This indicates that consumers are not only investing in technology but also in their living spaces and personal fashion. The overall performance of these categories reflects a business strategy that successfully taps into current consumer trends, emphasizing the importance of lifestyle-oriented products. The lack of transactions reported across all categories may suggest a need for further investigation into customer engagement strategies, as revenue generation without transactions raises questions about

## Top Product Categories

Rank	Category	Revenue	% of Total
1	Electronics	\$15.81M	5.0%
2	Home	\$15.77M	5.0%

Rank	Category	Revenue	% of Total
3	Women	\$15.57M	4.9%
4	Shoes	\$14.88M	4.7%
5	Sports	\$14.80M	4.7%
6	Jewelry	\$14.69M	4.6%
7	Men	\$14.68M	4.6%
8	Books	\$14.66M	4.6%
9	Music	\$13.99M	4.4%
10	Children	\$13.72M	4.3%

## Top 5 Product Categories by Revenue



# Risk Factors

Retail Universe faces significant competitive risks due to the dynamic nature of the retail landscape, particularly from both traditional brick-and-mortar competitors and the growing influence of e-commerce. With only six stores spread across six states, our market presence is limited, making us vulnerable to aggressive pricing strategies and promotional activities from larger retailers that can leverage economies of scale. Additionally, the rapid growth of online shopping has changed consumer behavior, leading to increased competition from e-commerce platforms that often offer lower prices and greater convenience. As consumers continue to shift their purchasing habits towards online channels, Retail Universe must adapt its business model to remain relevant and competitive, which may require substantial investment in technology and marketing.

Economic risks also pose a significant challenge to Retail Universe, particularly in the context of potential recessionary pressures, inflation, and fluctuations in consumer spending. Economic downturns can lead to reduced disposable income for consumers, which may result in decreased sales across our stores. Inflationary pressures can further exacerbate this situation by increasing the costs of goods sold and operational expenses, thereby squeezing profit margins. As a retailer with a limited number of locations, we are particularly sensitive to changes in consumer confidence and spending patterns, which can be influenced by broader economic conditions. A sustained period of economic instability could adversely affect our financial performance and growth prospects.

Supply chain risks are another critical concern for Retail Universe, especially given the complexities and uncertainties that can arise in sourcing products and managing inventory. Disruptions in the supply chain, whether due to natural disasters, geopolitical tensions, or logistical challenges, can lead to delays in product availability and increased costs. With only six stores, our ability to absorb supply chain disruptions is limited, and any significant delays or cost increases could impact our ability to meet customer demand and maintain competitive pricing. Furthermore, fluctuations in transportation costs and supplier pricing can affect our overall cost structure, making it essential for us to develop robust supply chain strategies to mitigate these risks.

Cybersecurity and technology risks are increasingly relevant in today's digital landscape, where threats to data security and system integrity are prevalent. Retail Universe relies on various technology systems for operations, including point-of-sale systems, inventory management, and customer data management. A cyberattack or data breach could compromise sensitive customer information, leading to reputational damage and potential

legal liabilities. Additionally, the costs associated with addressing such incidents, including remediation efforts and potential regulatory fines, could have a material adverse effect on our financial condition. As we continue to invest in technology to enhance our operations and customer experience, we must remain vigilant in safeguarding our systems against evolving cyber threats.

Regulatory and compliance risks are inherent in the retail industry, as we must navigate a complex landscape of federal, state, and local regulations. Compliance with laws related to labor, consumer protection, and environmental standards is essential to our operations, and any failure to adhere to these regulations could result in penalties, fines, or legal action. Given that Retail Universe operates in six different states, we face the additional challenge of ensuring compliance with varying state laws and regulations, which can differ significantly. This complexity requires ongoing monitoring and adaptation to regulatory changes, and any lapses in compliance could adversely impact our reputation and financial performance.

Geographic concentration risk is a factor that Retail Universe must consider, as our six stores are located across six states. While this geographic diversity provides some level of risk mitigation, it also means that our performance can be significantly influenced by regional economic conditions and consumer preferences. If one or more of the states in which we operate experience economic downturns,

## Appendix A: Store Performance Details

Rank	Store	City	State	Revenue	Txns
1	Store 3	Homestead	SC	\$27,753.76K	87,564
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## Appendix B: Product Category Details

Rank	Category	Revenue	% of Total
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8	Books	\$14.66M	4.6%
9	Music	\$13.99M	4.4%
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## Appendix C: Quarterly Financial Data

Quarter	Revenue
Q1 2022	\$46.74M
Q2 2022	\$44.92M
Q3 2022	\$87.77M
Q4 2022	\$137.46M
FY2022	\$316.89M

## Appendix D: Geographic Distribution

State	Store Count	% of Total
SC	1	16.7%
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